

YMCA OF NORTHEAST LOUISIANA, INC.

MONROE, LOUISIANA

FINANCIAL STATEMENTS

AND ADDITIONAL INFORMATION

FOR THE YEAR ENDED

DECEMBER 31, 2011

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
DECEMBER 31, 2011

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JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.

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June 25, 2012

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
YMCA of Northeast Louisiana, Inc.
Monroe, Louisiana

We have audited the accompanying statement of financial position of YMCA of Northeast Louisiana, Inc. as of and for the year ended December 31, 2011, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of YMCA of Northeast Louisiana, Inc. as of December 31, 2011, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2012 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of YMCA of Northeast Louisiana, Inc. taken as a whole. The accompanying financial information listed as supplementary financial information in the table of contents and the accompanying Schedule of Expenditures of Federal Awards for the year ended December 31, 2011, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Johnston, Perry, Johnson & Associates, L.L.P.

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

YMCA OF NORTHEAST LOUISIANA, INC.
 MONROE, LOUISIANA
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
	<u>ASSETS</u>		
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	267,369	-	267,369
Grants Receivable	21,434	-	21,434
Unconditional Promise to Give United Way Services Funding For the Next Fiscal Year	-	17,500	17,500
Prepaid Insurance	<u>5,897</u>	<u>-</u>	<u>5,897</u>
<u>TOTAL CURRENT ASSETS</u>	<u>294,700</u>	<u>17,500</u>	<u>312,200</u>
<u>FIXED ASSETS</u>			
Land	92,000	-	92,000
Building	78,000	-	78,000
Equipment and Leasehold Improvements	69,606	-	69,606
Less: Accumulated Depreciation	<u>(58,798)</u>	<u>-</u>	<u>(58,798)</u>
<u>NET FIXED ASSETS</u>	<u>180,808</u>	<u>-0-</u>	<u>180,808</u>
<u>OTHER ASSETS</u>			
Deposits	<u>300</u>	<u>-</u>	<u>300</u>
<u>TOTAL OTHER ASSETS</u>	<u>300</u>	<u>-0-</u>	<u>300</u>
<u>TOTAL ASSETS</u>	<u>475,808</u>	<u>17,500</u>	<u>493,308</u>

The accompanying notes are an integral part of these financial statements.

YMCA OF NORTHEAST LOUISIANA, INC.
 MONROE, LOUISIANA
 STATEMENT OF FINANCIAL POSITION (CONTINUED)
 DECEMBER 31, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	19,843	-	19,843
Accrued Payroll Taxes	5,851	-	5,851
Notes Payable - OIB	<u>4,972</u>	<u>-</u>	<u>4,972</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>30,666</u>	<u>-0-</u>	<u>30,666</u>
<u>LONG-TERM LIABILITIES</u>			
Notes Payable - OIB	<u>82,793</u>	<u>-</u>	<u>82,793</u>
<u>TOTAL LONG-TERM LIABILITIES</u>	<u>82,793</u>	<u>-0-</u>	<u>82,793</u>
<u>TOTAL LIABILITIES</u>	<u>113,459</u>	<u>-0-</u>	<u>113,459</u>
<u>NET ASSETS</u>			
Unrestricted	181,541	-	181,541
Fixed Assets - Unrestricted	180,808	-	180,808
Temporarily Restricted	<u>-</u>	<u>17,500</u>	<u>17,500</u>
<u>TOTAL NET ASSETS</u>	<u>362,349</u>	<u>17,500</u>	<u>379,849</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>475,808</u>	<u>17,500</u>	<u>493,308</u>

The accompanying notes are an integral part of these financial statements.

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
STATEMENT OF ACTIVITIES
DECEMBER 31, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>SUPPORT AND REVENUE</u>			
<u>SUPPORT</u>			
Contributions and Grants	164,204	-	164,204
United Way Contributions	17,500	17,500	35,000
Net Assets Released from Restriction	<u>12,600</u>	<u>(12,600)</u>	<u>-</u>
<u>TOTAL SUPPORT</u>	<u>194,304</u>	<u>4,900</u>	<u>199,204</u>
<u>REVENUE</u>			
Program Fees	473,650	-	473,650
Special Events (Net)	12,430	-	12,430
Interest Income	1,279	-	1,279
Miscellaneous Income	<u>16,768</u>	<u>-</u>	<u>16,768</u>
<u>TOTAL REVENUE</u>	<u>504,127</u>	<u>-0-</u>	<u>504,127</u>
<u>TOTAL SUPPORT AND REVENUE</u>	<u>698,431</u>	<u>4,900</u>	<u>703,331</u>
<u>EXPENSES</u>			
Program Services	<u>660,172</u>	<u>-</u>	<u>660,172</u>
Support Services			
Management and General	77,651	-	77,651
Fund-Raising	<u>3,743</u>	<u>-</u>	<u>3,743</u>
<u>Total Support Services</u>	<u>81,394</u>	<u>-0-</u>	<u>81,394</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>741,566</u>	<u>-0-</u>	<u>741,566</u>
Change in Net Assets	(43,135)	4,900	(38,235)
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>405,484</u>	<u>12,600</u>	<u>418,084</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>362,349</u>	<u>17,500</u>	<u>379,849</u>

The accompanying notes are an integral part of these financial statements.

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2011

	PROGRAM SERVICES	SUPPORT SERVICES		TOTAL
	YMCA	MANAGEMENT AND GENERAL	FUND-RAISING	
Salaries	354,221	28,252	-	382,473
Payroll Taxes/Benefits	43,420	3,442	-	46,862
Professional Fees	10,544	3,500	-	14,044
Maintenance and Repair	15,619	-	-	15,619
Travel and Training	17,673	1,964	-	19,637
Occupancy	10,894	1,210	-	12,104
Utilities	3,931	-	-	3,931
Supplies	67,599	22,533	-	90,132
Food, Meetings, Meals	3,094	-	-	3,094
Printing and Promotion	8,222	-	2,741	10,963
Telephone	2,704	2,704	-	5,408
Insurance	22,652	1,308	-	23,960
Advertising	7,298	-	-	7,298
Dues and Fees	31,898	-	-	31,898
Contract Labor	50,235	-	-	50,235
Depreciation	10,168	2,707	-	12,875
Other Costs	-	10,031	1,002	11,033
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>660,172</u>	<u>77,651</u>	<u>3,743</u>	<u>741,566</u>

The accompanying notes are an integral part of these financial statements.

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
STATEMENT OF CASH FLOWS
DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	(38,235)
Adjustments to Reconcile Change in Unrestricted Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	12,875
(Increase) Decrease in Accounts Receivable	-
(Increase) Decrease in Promises to Give	(4,900)
(Increase) Decrease in Grants Receivable	(15,323)
(Increase) Decrease in Prepaid Expenses	(4,214)
Increase (Decrease) in Accounts Payable	5,051
Increase (Decrease) in Accrued Payroll	(3,574)
Net Cash Provided (Used) by Operating Activities	(48,320)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(3,037)
Net Cash Provided (Used) by Investing Activities	(3,037)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Notes Payable	-
Payments to Notes Payable	(4,694)
Net Cash Provided (Used) by Financing Activities	(4,694)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (56,051)

CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD 323,420

CASH AND CASH EQUIVALENTS - END OF PERIOD 267,369

Cash Paid During the Year For:

Income Tax	-0-
Interest	5,476

The accompanying notes are an integral part of these financial statements.

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Nature of Activities

YMCA of Northeast Louisiana, Inc. (the Organization) provides care and support for children in the northeast Louisiana area. The Organization provides after-school, summer, recreational, and educational programs. The Organization receives primary support through program fees, donor contributions, and United Way contributions. Approximately 68% of total revenues were received by program fees and 32% from individual and foundation contributions for the year ended December 31, 2011.

B. Statement of Presentation

The accompanying financial statements conform to accounting principles generally accepted in the United States of America for not-for-profit organizations.

Standards for external reporting by not-for-profit organizations require that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. Unconditional promises to give (pledges) are to be recorded as receivables and revenues and require the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Statement of Presentation (Continued)

Permanently Restricted Net Assets (Continued)- of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at December 31, 2011.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

D. Donated Services

No amounts have been reported in the financial statements for donated services because no objective basis is available to measure the value of such services. Board members received no compensation for services provided during 2011.

E. Budget Policy

Budgets are prepared by the Organization's Executive Director and Board of Directors, and approved by the grantor of the funds.

F. Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets,

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Revenue Recognition (Continued)

depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restriction. A temporarily restricted contribution that has its restriction met in the same reporting period is recorded as unrestricted contributions.

G. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Fund-raising costs are not material.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Fixed Assets

The fixed asset account consists of the net investment in fixed assets at cost, plus any resources restricted by the donor to be used for fixed asset additions. Fixed assets are depreciated by the straight-line method over the estimated useful lives of the assets.

The following lives have been assigned to the fixed assets:

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

I. Fixed Assets (Continued)

Computer Equipment, Vehicles	5 Years
Furniture and Fixtures, Equipment	7 Years
Buildings	39 Years

Net values are computed as follows:

Land	92,000
Building	78,000
Computer Equipment, Vehicles, and Leasehold Improvements	69,606
Less: Accumulated Depreciation	(58,798)
<u>Net Value</u>	<u>180,808</u>

NOTE 2 - TAX STATUS:

YMCA of Northeast Louisiana, Inc., a non-profit organization, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 3 - CASH IN BANK:

The Organization has deposit accounts at three federally insured financial institutions. At December 31, 2011, the bank balance at those institutions totaled \$276,052, all of which was insured by the Federal Deposit Insurance Corporation.

NOTE 4 - SPECIAL EVENTS:

The Organization holds various special events each year. The income and expenses of these events during 2011 are as follows:

Special Events Income	27,811
Less Cost of Direct Benefit to Participants	(15,381)
<u>Net</u>	<u>12,430</u>

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 5 - ADVERTISING:

The Organization expenses advertising costs as they are incurred. Advertising costs for the year ended December 31, 2011 were \$7,298.

NOTE 6 - NOTE PAYABLE:

The Organization has a note payable to Ouachita Independent Bank. The note payable is financed over 60 months, with a balloon payment of \$77,493 at maturity. The interest rate is 5.98%. The balance due as of December 31, 2011 is \$87,765, of which \$4,972 is current.

The following is the five-year maturity schedule of the loan:

<u>YEAR</u>	<u>AMOUNT</u>
2012	4,972
2013	5,298
2014	77,495
2015	-0-
2016	-0-

NOTE 7 - IMPAIRMENT OF LONG-LIVED ASSETS:

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Organization reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized to date.

NOTE 8 - SUBSEQUENT EVENTS:

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2011

NOTE 8 - SUBSEQUENT EVENTS: (Continued)

the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Organization through June 25, 2012, the date the report was available for issue, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

NOTE 9 - UNCERTAIN TAX POSITIONS:

The Organization is subject to examination by various taxing authorities, including federal income tax examinations. Management has reviewed the Organization's activities and believes that no additional amounts or disclosures are needed, as the effect of any uncertain tax positions is not material to the financial statements. The tax returns for the years 2011, 2010, 2009, and 2008 are open for examination by various taxing authorities.

NOTE 10 - SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT:

The Organization receives money from the State of Louisiana Department of Health and Hospitals to provide research-based interventions which address identified risk and protective factors that work towards the prevention/reduction of addictive disorders and other risky behaviors. During the year December 31, 2011, the Organization's revenue from this grant was \$94,080.

SUPPLEMENTARY FINANCIAL INFORMATION

YMCA OF NORTHEAST LOUISIANA, INC.
 MONROE, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Disbursements/ Expenditures</u>
<u>U.S. Department of Health and Human Services</u>		
Passed through Louisiana		
State Department of Health and Hospitals		
Office of Addictive Disorders	93.959	<u>94,080</u>
<u>Total</u>		<u>94,080</u>

* Major Federal Program

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of YMCA of Northeast Louisiana, Inc. and is presented on the accrual basis of accounting.

NOTE 2 - SUBRECIPIENTS

YMCA of Northeast Louisiana, Inc. did not provide federal awards to subrecipients.

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June 25, 2012

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
YMCA of Northeast Louisiana, Inc.
Monroe, Louisiana

We have audited the financial statements of YMCA of Northeast Louisiana, Inc. as of and for the year ended December 31, 2011, and have issued our report thereon dated June 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of YMCA of Northeast Louisiana, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered YMCA of Northeast Louisiana, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YMCA of Northeast Louisiana, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of YMCA of Northeast Louisiana, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such

that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting (item 11-1). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YMCA of Northeast Louisiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

YMCA of Northeast Louisiana, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit YMCA of Northeast Louisiana, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana R.S. 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnston, Perry, Johnson & Associates, L.L.P.

JOHNSTON, PERRY, JOHNSON & ASSOCIATES, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

* Material weakness(es) identified: ☐ yes ☒ no

* Significant deficiency(s) identified that are not
considered to be material weaknesses? ☒ yes ☐ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Internal Control

11-1

Criteria: Proper internal controls under the professional auditing standards require management to prepare the Organization's annual financial statements.

Finding: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Organization's annual financial statements. This condition is intentional by management based upon the Organization's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Professional auditing standards require that we report the above condition as a control deficiency. The standard does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Questioned Cost: None

Context: Internal controls

Effect: This finding has no material effect on the financial statements.

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS
(Continued)

Internal Control (Continued)

11-1 (Continued)

Cause: It is not cost effective for the Organization to cure this control deficiency.

Recommendation: As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying professional auditing standards reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports. In this case, we do not believe that curing the significant deficiency described above would be cost effective or practical and, accordingly, do not believe any corrective action is necessary.

Response: Management agrees with this finding.

Compliance

There were no findings or questioned costs for the year ended December 31, 2011.

YMCA OF NORTHEAST LOUISIANA, INC.
MONROE, LOUISIANA
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
DECEMBER 31, 2011

Internal Control

10-1

Finding: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare the Organization's annual financial statements. This condition is intentional by management based upon the Organization's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Status: Uncleared. It is not cost effective to cure this finding.

10-2

Finding: The Organization does not have a fidelity bond insurance policy.

Status: Cleared. The Board of Directors purchased a fidelity bond insurance policy.

Compliance

There were no findings or questioned costs for the year ended December 31, 2010.